

UPPER EXPLORERLAND REGIONAL
PLANNING COMMISSION

FINANCIAL REPORT

JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2010 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2010, and the respective changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated February 14, 2011 on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our

testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 26 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the ten years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 2 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2011

Upper Explorerland Regional Planning Commission (UERPC) **Management Discussion and Analysis as of June 30, 2010**

Upper Explorerland Regional Planning Commission (UERPC) is a membership-supported organization of local governmental bodies in the northeast Iowa counties of Allamakee, Clayton, Fayette, Howard and Winneshiek. UERPC's purpose is to provide management and technical assistance to local governmental staff and elected officials. The sharing of information and the cooperation facilitated by UERPC has lead to economies of scale, greater efficiencies and more uniformity in the delivery of services. Problems facing the region can be tackled and opportunities can be seized with a unified effort and pooled resources, thereby greatly increasing the likelihood of success.

As management of UERPC, we offer a narrative overview and analysis of the financial activities for the year ended June 30, 2010. We also address significant known or anticipated events, conditions, trends and contingencies that affect the agency going forward. The financial statements of UERPC consist of the operations of Upper Explorerland Regional Planning Commission and of the Workforce Investment Act (WIA) program administered by UERPC. UERPC also acts as the fiscal agent for the Iowa Workforce Development program in the Region 1 Employment and Training district; this program is listed in the audit as CSP. Not included in this audit are the Upper Explorerland Regional Housing Authority (RHA) and UERPC Housing, Inc., each of which is a separate entity and is therefore separately audited.

Fiscal year 2010 was a year of growth for the agency. New management's vision for UERPC to play a larger role in the region, coupled with aggressive federal and state "stimulus" spending and continued funding for natural disaster recovery, created the perfect storm for the agency to grow and expand the services it offers as well as its sources of funding. Management was very successful in rebuilding the agency after years of slowly declining influence in the region. These new opportunities were not without challenges, however, including the difficulty of appropriately pricing new services and programs without the benefit of a historical track record of the costs and personnel time required to deliver those services. This resulted in another year of tight cash flow and we entered fiscal year 2011 with the knowledge that the revenue from certain programs and activities would not cover UERPC's costs, necessitating vigilant management of global cash flow.

Financial Highlights:

Balance Sheet Summary (as found in Exhibit A of this report):

- The total net assets of UERPC exceeded the liabilities at June 30, 2010 by \$2,023,259, a decrease of \$22,428 from July 2009.
- Of total net assets, \$727,965 is unrestricted and may be used to meet UPERC's ongoing obligations to member communities and creditors.

	June 30, 2010	June 30, 2009	Net Change
Total Assets	\$3,667,383	\$3,798,115	\$130,732 decrease
Total Liabilities	\$1,644,125	\$1,752,390	\$108,265 decrease
Total Net Assets	\$2,023,259	\$2,045,725	\$22,466 decrease

Statement of Activities (as found in Exhibit B of this report):

- For the period ending June 30, 2010, total revenues from operating grants, charges for services, and general revenues were \$5,839,588. Total expenses were \$5,814,320, providing a net increase in assets of \$25,268.
- Total revenue grew by 21% and total expenses grew by 22% from the 2009 fiscal year.

	Year Ended June 30, 2010	Year Ended June 30, 2009	Net Change
Revenue from Operating Grants	\$5,219,131	\$4,405,604	\$813,527 increase
Revenue from Charges for Services	\$614,741	\$404,806	\$209,935 increase
General Revenue	\$5,716	\$14,817	\$9,101 decrease
Total Revenue	\$5,839,588	\$4,825,227	\$1,014,361 increase
Total Expenses	\$5,814,320	\$4,762,978	\$1,051,342 increase
Change in Net Assets	\$25,268	\$62,249	\$36,981 decrease

Looking forward, fiscal year 2011 will go down as another year of significant change, even while continuing to build on progress made during the previous Executive Director's tenure with the organization. With the change in Executive Director in July 2010, new leadership continues the focus on improving the quality and efficiency of service delivery. Special emphasis has been placed on pricing services at a level that takes into account the income and expenses from each activity as well as the competitive private market price charged for delivering the product or service. Current market rates for many of the services we provide are significantly above those charged by UERPC. This fact, combined with a talented and conscientious staff and a growing reputation for high quality products (documents) and services, allow the opportunity for UERPC to eventually raise prices as new agreements are made and old ones are up for renewal. UERPC understands its role as a service provider, not a policy maker, and seeks to carry out the functions asked of us by our member governments. However, we must follow the approach of letting our service priorities be guided by our funding sources. This will ensure that no commitment or initiative is taken on without adequate funding to cover all fixed and variable costs associated with providing the service.

The year forward promises to be another year of opportunities and challenges. Opportunities are seen coming from UERPC's expanding alliances and partnerships with other organizations and state agencies. UERPC has regained a prominent role and taken on additional compensated responsibilities with organizations such as the Northeast Iowa Business Network and with Iowa State University Extension.

Since June 30, 2010, the end of the period covered by this audit, UERPC has purchased an office Building in Decorah, Iowa to meet the space needs of our employees and to meet the Service Integration Model mandate for the co-location of WIA and Iowa Workforce Development (IWD). The building was purchased for \$525,000 and financed at a fixed interest rate over 15 years with a 25-year amortization. An additional estimated \$200,000, funded with new financing, will be spent on renovations and completion of the WIA/IWD integrated space. Because approximately two thirds of the building will be leased out to IWD and Iowa State University Extension, the net monthly cash flow impact on UERPC from this purchase is projected to be minimal.

Management has faced challenges in the form of inertia against needed change. With a 39-year history containing very few transformational events, UERPC faces significant cultural resistance to implementing the changes management believes are beneficial to the organization and the community it serves. This resistance has come both from within and from outside the agency, culminating in the filing of a lawsuit by the City of Postville and a Postville City Council member. In addition to seeking an injunction to prohibit the purchase of the Decorah office building, the plaintiffs allege violations of the Iowa open meetings law. While the lawsuit is expected to have only a de minimis financial impact on UERPC, its defense will nevertheless continue to divert some time and resources from the agency's mission. Recent declines in public support for governmentally-funded programs may eventually impact the funding of some UERPC programs, although no major impact is anticipated for the 2011 fiscal year.

Overall, management looks forward to another year of increasing the role that UERPC plays in improving the lives of Northeast Iowans. In the year ahead, we will follow through on implementing needed changes in personnel and policies, adopting new technologies, and making necessary capital investments to bring about increased service quality and employee productivity.

This discussion and analysis attempts to provide a summary view of the 2010 fiscal year as well as some insights into management's assessment of the opportunities and challenges UERPC may see in the 2011 fiscal year and beyond. The reader is encouraged to review these schedules and the audit report in its entirety.

Aaron Burkes
Executive Director
Upper Explorerland Regional Planning Commission

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

As of June 30,2010

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,016,637
Certificate of deposit	-
Accounts receivable, federal sources	554,551
Accounts receivable, other	424,943
Interest receivable	4,452
Loans receivable	1,573,812
Fixed assets(net)	<u>92,988</u>
TOTAL ASSETS	<u><u>\$ 3,667,383</u></u>
LIABILITIES	
Accounts payable	\$ 509,340
Accrued interest payable	2,307
Accrued leave additive	105,901
Deferred income	168,237
Noncurrent liabilities:	
Due within one year:	
Loan payable	50,802
Due in more than one year:	
Loan payable	<u>807,538</u>
TOTAL LIABILITIES	<u>1,644,125</u>
NET ASSETS	
Investment in fixed assets	92,988
Fund balance:	
Reserved by the board:	
CGOI	110,000
Car replacement	31,390
Unreserved	493,587
Restricted Fund Balance:	
HAWC	55,000
RLF	481,417
IRP	<u>758,877</u>
TOTAL NET ASSETS	<u>2,023,259</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 3,667,384</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Functions / Programs:	Expenses	Program Receipts		Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants Contributions Restr. Int.	
Governmental activities:				Governmental Activities
Salaries	\$ 1,316,482	278,227	1,038,828	573
Employee benefits	450,143	91,491	358,950	298
Travel and per diem	66,668	8,027	58,838	197
Shared support	44,121	-	44,399	278
Conferences and training	1,015	876	121	(18)
Contracted Service	8,293	-	124	(8,169)
Client Training	872,656	-	878,148	5,492
Training support	7,916	-	7,966	50
Other support	299,382	15,505	294,343	10,466
Equipment purchase/lease	32,551	16,727	15,565	(259)
Office/office supplies	1,505	1,441	134	70
In Kind Match	64,273	-	64,677	404
Allocated costs	305,339	87,053	216,909	(1,377)
Interest	8,876	-	8,932	56
Depreciation	6	-	-	(6)
Grants/Programs	2,335,094	115,394	2,231,197	11,497
Total governmental activities	\$ 5,814,320	614,741	5,219,131	19,552
General Revenues (Uses):				
Unrestricted interest				4,366
Sale of Vehicle				1,350
Total General Revenues				5,716
Change in Net Assets				25,268
Net assets beginning of year				2,045,725
Fixed asset obsolescence/adjustments				(47,734)
Net assets end of year				\$ 2,023,259
Net Assets				
Restricted:				
HAWC				55,000
Revolving Loan Fund				481,417
Intermediary Relending Program				758,877
Unrestricted				727,965
				\$ 2,023,259

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2010

	General	Special Revenue		
	Fund	Jumpstart	CSP	RLF
ASSETS				
Cash and cash equivalents	\$ 393,481	\$ 2,583	11,777	181,925
Certificate of deposit	-	-	-	-
Accounts receivable, federal	126,394	-	204,751	-
Accounts receivable, other	436,067	-	16,631	-
Interest receivable	-	-	-	1,095
Fixed Assets	-	-	-	-
Loans receivable	-	-		304,574
TOTAL ASSETS	\$ 955,942	2,583	233,159	487,594
LIABILITIES				
Accounts payable	\$ 131,113	\$ -	233,159	6,177
Accrued interest payable	-	-	-	-
Accrued leave additive	66,220	-	-	-
Deferred income	126,214	-	-	-
TOTAL LIABILITIES	323,547	-	233,159	6,177
FUND EQUITY				
Fund balance:				
Unreserved	491,005	-	-	-
Reserved by the board:				
CGOI	110,000	-	-	-
Car replacement	31,390	-	-	-
Restricted:				
Restricted Fund Balance	-	2,583	-	481,417
Debt Reserve	-	-	-	-
Local Match	-	-	-	-
TOTAL FUND EQUITY	632,395	2,583	-	481,417
TOTAL LIABILITIES & FUND EQUITY	\$ 955,942	2,583	233,159	487,594

TOTAL FUND EQUITY PER EXHIBIT C

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental fund's fund balance because: Capital assets used in government activities are not financial resources and hence not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental capital assets net of depreciation

Long term liabilities are not due in the current period and therefore not reported in the fund statements. Long term liabilities reported in the statement of net assets that are not reported in the fund balance sheet are:

Loans payable

NET ASSETS OF GOVERNMENTAL ACTIVITIES-EXHIBIT A

EXHIBIT C

IRP	HAWC	WIA	Totals
369,169	44,004	13,698	1,016,637
-	-	-	-
-	-	195,651	526,796
-	-	-	452,698
3,357	-	-	4,452
-	-	-	-
1,257,487	11,751	-	1,573,812
1,630,013	55,755	209,349	3,574,395

10,490	755	127,645	509,339
2,307	-	-	2,307
-	-	39,681	105,901
-	-	42,023	168,237
12,797	755	209,349	785,784

-	-	-	491,005
-	-	-	110,000
-	-	-	31,390
-	-	-	-
1,186,116	55,000	-	1,725,116
81,100	-	-	81,100
350,000	-	-	350,000
1,617,216	55,000	-	2,788,611
1,630,013	55,755	209,349	3,574,395

\$ 2,788,611

92,988

(858,340)
\$ 2,023,259

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-GOVERNMENT FUNDS**
 Year Ended June 30, 2010

SPECIAL REVENUE

REVENUES	General Fund	WIA	CSP
Intergovernmental:			
Federal	\$ -	-	3,598,141
State	-	-	111,882
Local	-	-	-
Miscellaneous:			
Interest	4,366	-	-
Other	614,741	51,259	-
Total revenues	<u>619,107</u>	<u>51,259</u>	<u>3,710,023</u>
EXPENDITURES			
Salaries	284,151	554,922	-
Employee benefits	93,439	212,350	-
Travel and per diem	8,198	25,852	-
Shared Support	-	44,121	-
Conferences and training	895	-	-
Client Training	-	872,656	-
Training Support	-	7,616	-
Other support	15,835	-	-
Equipment purchase/lease	17,083	11,171	-
Office/ office supplies	1,472	3,105	-
In Kind Match	-	9,219	-
Allocated costs	86,454	89,061	13,888
Interest	-	-	-
Grants/Programs	120,304	189,335	1,386,726
Depreciation	-	-	-
Long term debt principal	-	-	-
Total expenditures	<u>627,831</u>	<u>2,019,408</u>	<u>1,400,614</u>
NET REVENUES (EXPENDITURES)	(8,724)	(1,968,149)	2,309,409
OTHER FUNDING SOURCES (USES)			
Fixed Asset Adjustments		-	-
TRANSFERS:			
Special Revenue:			
Fiscal Agent for CSP	-	1,968,149	(1,923,925)
Planning Commission	<u>-</u>	<u>-</u>	<u>(385,484)</u>
NET CHANGE IN FUND BALANCES	(8,724)	-	-
FUND BALANCE, beginning	<u>641,119</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 632,395</u>	<u>-</u>	<u>-</u>

See notes to financial statements

IRP	RLF	Jumpstart	Navigator	Other Nonmajor Gov Fds	Total
-	-	265,213	-	365,962	4,229,316
-	-	-	-	93,224	205,106
-	-	-	-	85,705	85,705
70,561	18,240	-	-	683	93,850
1,648	238	122,716	-	9,300	799,902
72,209	18,478	387,929	-	554,874	5,413,879
19,005	6,167	35,336	242,562	174,339	1,316,482
7,847	1,439	11,975	57,647	65,447	450,144
-	-	1,643	23,662	7,221	66,576
-	-	-	-	-	44,121
-	-	-	120	133	1,148
-	-	-	-	-	872,656
-	-	-	-	-	7,616
-	-	4,911	17,998	71,707	110,451
-	-	-	1,892	2,405	32,551
-	-	-	1,971	120	6,668
-	-	-	-	45,841	55,060
11,048	6,249	10,472	39,632	48,535	305,339
8,876	-	-	-	-	8,876
-	-	321,009	-	94,902	2,112,276
-	-	-	-	-	-
50,339	-	-	-	-	50,339
97,115	13,855	385,346	385,484	510,650	5,440,303
(24,906)	4,623	2,583	(385,484)	44,224	(26,424)
-	-	-	-	-	-
-	-	-	-	(44,224)	-
-	-	-	385,484	-	-
(24,906)	4,623	2,583	-	-	(26,424)
1,642,122	476,794	-	-	55,000	2,815,035
1,617,216	481,417	2,583	-	55,000	2,788,611

See notes to financial statements

EXHIBIT E

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES**
 For The Year Ended June 30, 2010

Net change in fund balances-total governmental funds governmental funds-Exhibit D	\$ (26,424)
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However for governmental activities those costs are shown in statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. Assets disposed of for less than book value (cost less accumulated depreciation) are recorded as losses on disposition of fixed assets. Disposals for more than book value are recorded as gains on disposition of fixed assets.	1,347
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Depreciation expense reported in the statement of activities	6
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">50,339</div>
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Change in net assets-Statement of Activities-Exhibit B	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 25,268</div>
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UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Upper Explorerland Regional Planning Commission was created under Chapter 473A and 28E, State Code of Iowa as a regional planning organization to serve the counties of Allamakee, Clayton, Fayette, Howard, and Winneshiek, Iowa. The commission is governed by a Board of Commissioners appointed from the five counties.

The commission provides comprehensive studies and plans for the development of the five county area. Its programs are financed from federal and state grants and contracts, county appropriations, and interest earned on investments.

In addition, the commission administers various Community Development Block Grant programs and is responsible for administering the various programs established under the Workforce Investment Act and also provides special services in the form of printing, reproduction, and mapping.

The Commission through its Revolving Loan Fund programs and Intermediary Relenting Program makes low interest loans available to business in the five county area.

The Commission acts as Fiscal Agent for Iowa Workforce Development Department. It performs accounting functions, and receives and disburses funds on behalf of the Coordinating Service Provider. It administers the Promise Jobs Program to assist welfare recipients in becoming self-sufficient. It provides employment and training opportunities for low-income individuals and other special groups. This is provided by offering assistance through classroom, pre-employment and on-the-job-training.

B. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measureable and available. The Commission considers all revenues reported in the governmental funds to

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

be available in the current period or soon enough thereafter, sixty days, to be considered revenues of the current period. Expenditures are recorded when the related fund liability is incurred and is measurable except for principal and interest on general long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

C. Basis of Presentation

Commission-wide Statements-The Statement of Activities and Net Assets are reported in two categories:

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general receipts.

The Commission has no business-type activities or fiduciary funds.

Fund Financial Statements-Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The Commission reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. All receipts not allocated by law, grant or

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue WIA Fund accounts for activities associated with providing job training and retraining programs.

The Special Revenue CSP Fund accounts for the receipts and disbursements of the Commission in its capacity as Fiscal Agent for Iowa Workforce Development Department Sources include grants from the federal government.

The Special Revenue IRP Fund accounts for the receipts and disbursements of the Intermediary Relending Program. The program makes low interest loans to businesses in the five county area.

The Special Revenue RLF Fund accounts for the receipts and disbursements of the Revolving Loan Fund. The program makes low interest loans in the five county area.

The Special Revenue Jumpstart Fund accounts for the receipts and disbursements of the Jumpstart Fund. The program is a part of a Community Development Block Grant to Black Hawk County for Housing Disaster Recovery and provides project services to the five county area.

The Special Revenue Navigator Fund accounts for the receipts and disbursements of the Disability Program Navigator Grant. The program provides for a position to serve as a resource to enhance services as they exist for people with disabilities living in the region.

D. Cash Equivalents

The Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2010.

E. Budgets and Budgetary Accounting

Upper Explorerland Regional Planning Commission does prepare financing and spending budgets for programs on a project basis. The Commission is not required to adopt a legal budget under state law.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

F. Allocation of Fringe Benefits and Indirect Costs

WIA division of UERPC charges all payroll directly to grants based on actual expenditures in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant/program areas based on total payroll percentages calculated any given month for the various grant program areas.

The Commission division of UERPC allocates indirect costs to all grants in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant-program areas based on a total payroll percentage. Total payroll percentage is determined by first obtaining a percentage of the administrative staff charged directly to grant/program areas, and adding "pool salaries" which are allocated based on the direct salary percentage.

Indirect costs are allocated based on the direct payroll percentages.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2) FISCAL AGENT

Effective July 1, 1998, the Commission entered into a contract with Iowa Workforce Development Department, to act as Fiscal Agent. As the Fiscal Agent, the Commission will perform accounting functions and receive and disburse funds on behalf of the Coordinating Service Provider. They are to ensure compliance with applicable audit requirements on funds received under the contract, and to provide a report and accounting of all expenditures as they relate to the contract.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

3) CASH AND CASH EQUIVALENTS

Cash and equivalents consists of deposits at financial institutions and certificates of deposits with a maturity of three years or less. Cash and cash equivalents by fund are as follows:

Commission	\$396,064
H.A.W.C	44,004
R.L.F	181,925
I.R.P	369,169
W.I.A	13,698
C.S.P.	<u>11,777</u>
	\$ <u>1,016,637</u>

The Commission's deposits beyond FDIC insurance are insured by Iowa under a Sinking Fund to insure public deposits under the authority of Chapter 12C, Code of Iowa and 781-13, Iowa Administrative code. This Fund insures public deposits in each individual bank up to the amount of that bank's total.

4) ACCOUNTS RECEIVABLE

Accounts receivable are shown at their gross amounts. No allowance for bad debts is shown due to the fact that it is believed that all receivables are collectable. Accounts receivable by fund is as follows:

Accounts receivable - federal:	
Commission	\$ 154,149
C.S.P.	204,751
W.I.A.	<u>195,651</u>
	<u>\$554,551</u>

Accounts receivable - other	
Commission	\$408,312
C.S.P	16,631
W.I.A	<u>-</u>
	<u>\$424,943</u>

5) FIXED ASSETS

Fixed assets are recorded at cost and includes depreciable and non-depreciable assets. Non-depreciable assets include equipment purchased with grant dollars. Depreciable assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

A summary of changes in general fixed assets follows:

	Balance June 30, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2010</u>
Fixed Assets	\$211,778	16,295	50,863	177,210
Accumulated Depreciation	<u>57,940</u>	<u>26,282</u>	-	<u>84,222</u>
Net	<u>153,838</u>	<u>(9,987)</u>	50,863	<u>92,988</u>

Fixed Asset records were updated in the current year and obsolete equipment was removed.

The Commission had no capitalized interest costs for the year ended June 30, 2010.

6) LEAVE ADDITIVE EMPLOYEE BENEFIT

The Commission's leave additive consists of vacation leave and compensatory overtime earned. Leave additive is calculated monthly and charged to the various programs. A liability account is used to offset these charges. When leave time is actually taken, it is then charged against the leave additive liability account. The total leave additive charged to the programs for the year ended June 30, 2010, was \$107,262.

Accrued Leave Additive at June 30, 2010 was \$105,901.

7) PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual salary and the Commission is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the year ended June 30, 2010 was \$52,865.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

8) Medical Insurance/Health Alternative

Plan Description-The Commission operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 22 active and no retired members in the plan. The medical/prescription drug benefits are provided through a fully insured plan with Wellmark. Retirees would pay the same premium as active employees. Regular full-time employees are eligible for single coverage health insurance. Employees who deny coverage under the Commission's health insurance policy will be allowed an alternative benefit rate paid to a spouse's employer for medical coverage or will be allowed to select a 457(b) tax sheltered annuity of their choice.

Regular part-time employees (working a minimum of 1,560 hours per year) will be eligible for the medical insurance benefit according to hours worked. Regular part-time employees (working a minimum of 1,040 hours per year) will be provided a health alternative benefit according to hours worked. An employee who is laid off or resigns may continue coverage under the Commission's current medical insurance policy as provided by federal and state COBRA law in effect at the time of the lay off or resignation.

Funding Policy- The contribution requirements of plan members are established and may be amended by the Commission. The most recent active member monthly premiums for the Commission and plan members are \$415.26 medical, \$27.60 dental and \$6.90 vision. The Commission pays all but one dollar of these premiums. Family coverage is \$1,024.77 for medical, \$60.29 for dental and \$17.95 for vision. Currently there are no retirees on the plan and the Commission would finance any retiree benefit plan at the same cost on a pay-as-you-go basis. For the year ended June 30, 2010 the Commission contributed \$169,791 to the plan.

9) COST ALLOCATION PLAN

Upper Explorerland Regional Planning Commission has adopted a cost allocation plan to allocate indirect costs to the various programs. Any cost, which cannot be assigned directly to a program, is allocated based upon this cost allocation plan. Indirect costs allocated to the various programs for the year ended June 30, 2010, totaled \$305,339.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

10) SUPPORT FROM GOVERNMENTAL UNITS

The Commission receives substantially all of its support from Federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Commission's programs and activities.

11) RESTRICTED FUND BALANCE

The Commission's Restricted Fund Balance is made up of the following:

Fund Balance-HAWC		\$ 55,000
Fund Balance-RLF		481,417
Fund Balance-Local Match	350,000	
Fund Balance-Loan Pool	327,777	
Fund Balance-Reserve for Bad Debt	<u>81,100</u>	
Total Fund Balance-IRP		<u>758,877</u>
TOTAL RESTRICTED FUND BALANCE-EXHIBIT A		<u>\$1,295,294</u>

See Note 15 for the amounts required for the Reserve for Bad Debts. These funds may be used only for the purpose of transferring to the General Operating Account amounts, not more than actual loan losses and to pay principal and interest on the IRP Promissory Note when there are insufficient funds in the General Operating Account.

Investment income derived from any account shall remain a part of such account.

12) CONTINGENT LIABILITY - SICK LEAVE

Commission employees accumulate sick leave hours for subsequent use. These accumulations are not recognized as expenditure by the Commission until used.

Sick leave is only payable when used and is not available to employees upon termination, retirement or death. After the maximum allowable sick leave of 720 hours (90 days) is accumulated, additional sick leave earned is then converted to annual leave at a 3 to 1 ratio. Three hours of sick leave earned is then equal to one hour of annual leave.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

13) LOANS RECEIVABLE

Loans receivable consist of the following:

Loans under the HAWC Program	\$ 11,751
Loans under the Intermediary	
Relending Program (See note 14)	1,257,487
Loans under the Revolving Loan	
Program (See note 15)	<u>304,574</u>
Exhibit A and C	<u>\$1,573,812</u>

14) UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

The Commission contracts for the administration of Upper Explorerland Regional Housing Authority (hereinafter call "Authority"). This is a governmental organization that is an agent for landlords who rent housing facilities to low income individuals with assistance from the Federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of northeast Iowa. Wendy Mihm-Herold, executive director of the Commission, is also the director of the Authority. The Commission bills the Authority for direct salaries, fringe benefits and overhead. During the fiscal year ended June 30, 2010, this amounted to \$226,637

The Authority is audited separately and a report has been issued under separate cover.

15) INTERMEDIARY RELENDING PROGRAM (IRP)

On March 12, 1993, UERPC entered into a loan agreement with the U.S.D.A. The purpose of the loan is to provide "low interest financing to new and expanding business for which credit is not otherwise available or terms and conditions are not available which would permit completion and/or the successful operation of the proposed business activities." In order to secure this loan, UERPC received \$250,000 in capital contributions from the five counties it represents. The loan is for \$1,000,000 and will be for 30 years at one percent interest per annum. Principal payments were deferred for the first three years of the loan and the first amortized annual payment was made March 29, 1997. The balance of this loan at June 30, 2010, was \$511,045.

On March 20, 2003 Commission entered into an agreement with Rural Development, United States Department of Agriculture for

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

an additional \$400,000 loan. In order to secure this loan the Commission had to contribute \$100,000. The loan is for \$400,000 and will be paid over 30 years at one percent interest per annum. Principal payments were deferred for the first three years. Interest only was paid on March 20 of the years 2004, 2005 and 2006. First payment of principal and interest to be March 20, 2007, and thereafter on every March 20 for twenty seven years. The payment amount is \$16,980. The balance at June 30, 2010 was \$347,295.

As part of an "Amended IRP Revolving Fund Agreement", dated March 20, 2003 the parties have agreed to combine the two loans for purposes of establishing a Reserve for Bad Debt only. This Reserve for Bad Debt is based on the loans receivable and that loans receivable will approximate the original loan, or loans, plus intermediary contributions. Therefore when fully funded, the Reserve for Bad Debt should be approximately six percent of \$1,750,000 or \$105,000. Per the agreement the Commission should began to accumulate funds in the Reserve in accordance with their delinquency or loss records, so that the six percent requirement can be reached within three years. This Reserve is to be maintained at this level thereafter. The June 30, 2010 balance was \$81,100 which exceeds the required six percent of outstanding loans.

16) REVOLVING LOAN FUND (RLF)

In May, 1990, UERPC was awarded \$375,000 in Federal funds, by the Economic Development Administration (EDA) and then supplied a local match of \$125,000 to develop a \$500,000

Regional Revolving Loan Fund Program to promote business development. The Commissions' obligation to the Federal government continues as long as RLF assets, in the form of cash, receivables, personal and real property, and notes or other financial instruments developed through the use of the funds, continue to exist. The agreement states in part that "If EDA determines that a grant recipient is failing to meet his obligation, the Agency will assert its equitable reversionary interest in the RLF assets."

17) IN KIND MATCH

During the year the Commission had a Planning grant from the U.S. Department of Commerce for \$70,766. The grant called for a match. The match was \$20,734 in cash and \$45,840 In-Kind. The Commission also had a Youth Offender grant thru Workforce Connections, Inc. of LaCrosse, Wisconsin with a match of \$9,219.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

18) INDEBTEDNESS

There is a loan agreement with Rural Development, United States Department of Agriculture, with an original balance of \$1,000,000. Interest rate 1%. Payments are \$42,446 for thirty years. Balance at June 30, 2010 was \$511,084.

There is a loan agreement with Rural Development, United States Department of Agriculture with an original balance of \$400,000. Interest rate of 1%. Payments are \$16,980 for Thirty years. Balance at June 30, 2010 was \$347,296.

Maturity Schedule:

June 30, 2011	\$ 50,802
June 30, 2012	51,310
June 30, 2013	51,823
June 30, 2014	52,342
June 30, 2015	52,865
Subsequent Years	<u>599,198</u>
	<u>\$ 858,340</u>

19) OPERATING LEASES

The Commission leases office space in New Hampton, Iowa on an annual basis. The current lease is \$425 per month and expired July 31, 2010. New lease for year ending July 31, 2011 will be \$425 per month.

The Commission has a two year lease on office space in Decorah, Iowa. The current lease is \$392.35 per month and will expire July 31, 2011.

The Commission has a two year lease for office space in Waukon, Iowa. The lease expires June 30, 2012. The lease is \$75 per month, but the Commission subleases space to Northeast Iowa Community Action Corporation for \$30 per month. Sublease is for twenty four months ending June 30, 2012.

The Commission has a two year lease for office space in Oelwein, Iowa. The lease expires June 30, 2011. The lease is for \$357 per month.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

Future minimum lease payments are:

June 30,	New <u>Hampton</u>	<u>Decorah</u>	<u>Waukon</u>	<u>Oelwein</u>
2011	\$5,100	4,708	900	4,284
2012	425	393	900	-
2013	-	-	-	-
	<u>\$5,525</u>	<u>5,101</u>	<u>1,800</u>	<u>4,284</u>

20) RELATED PARTY TRANSACTIONS

No related party transactions were noted.

21) IRP LOANS

There was one loan on which UERPC has not received a payment since September 2009 that received interest only payments during the year ended June 30, 2010, with a balance of \$115,952.

Two loans totaling \$157,201 resumed payments during the year ended June 30, 2010.

22) RLF LOANS

RLF had one loan during the year ended June 30, 2010 for \$15,423 on which it received only seven payments.

23) LITIGATION

A lawsuit has been brought against the Commission and several of its current and one former commissioners. The lawsuit alleges that the Commission and its members violated Iowa's open meeting laws. Legal opinion states that the only remedy is a fine against the members and not the Commission itself.

24) SUBSEQUENT EVENTS

At the July 15, 2010 meeting of the Commission board approved the hiring of Aaron Burkes as Executive Director of Upper Explorerland Regional Planning Commission.

At the November 30, 2010 meeting the Commission board voted to purchase a building in Decorah, Iowa for \$525,000 and move some of the operations of the Commission there.

OTHER SUPPLEMENTARY
INFORMATION

SCHEDULE 1

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended June 30, 2010

REVENUES	Actual	Amended Budget	Variance Favorable (Unfavorable)
Commission			
Per Capita	\$ 45,448	45,267	181
TEA-21/DOT Grants	76,519	87,080	(10,561)
EDA Planning Grant	70,766	64,840	5,926
EDA-Community Econ. Recovery Coordinator	91,387	71,484	19,903
Navigator	385,484	427,410	(41,926)
Homeland Security	10,837		10,837
CSP Fiscal Agent Fees	10,841	10,555	286
RWIB Secretarial Support	-	3,200	(3,200)
Brownsfield Hazard	81,447	158,340	(76,893)
Hazard/Pre-Disaster Mitigation	36,295	63,095	(26,800)
CDBG Grant Administration	35,003	35,500	(497)
Housing Grant Administration	55,812	18,000	37,812
Lead Hazard Reduction	4,419	1,000	3,419
Youth Offender/NE IA COMM ACTION	35,006	72,000	(36,994)
Jumpstart	387,929	267,500	120,429
NEICAC	57,237		57,237
PDM	24,715		24,715
COG Assistance Grant	16,285	8,800	7,485
Iowa Finance Authority	44		44
NE IA Regional Trust	26,390		26,390
EDSA	1,086	8,000	(6,914)
Oelwein IRP Administration	4,949	7,500	(2,551)
Fayette County Housing Trust	-	7,200	(7,200)
RBEG/RBOG	-		-
Technical Assistance Plan	-	18,800	(18,800)
Security Deposits Refunded	-		-
WIA Fees	-	96,000	(96,000)
Regional Housing Trust Funds	-	30,500	(30,500)
Regional Housing Authority Fees	226,637	237,000	(10,363)
Tenant Based Rental Assistance	80,516	95,000	(14,484)
Intermediary Relending Program	-	55,000	(55,000)
Revolving Loan Fund Program	-	18,000	(18,000)
NE Iowa Business Network	93,224	80,000	13,224
Interest	5,460	6,100	(640)
Matching Funds	35,010	-	35,010
Other	47,884	-	47,884
	<u>1,946,630</u>	<u>1,993,171</u>	<u>(46,541)</u>
HAWC			
Interest	683	-	683
Other	81	-	81
	<u>764</u>	<u>-</u>	<u>764</u>
IRP			
Interest	70,561	-	70,561
Other	1,648	-	1,648
	<u>72,209</u>	<u>-</u>	<u>72,209</u>

SCHEDULE 1

(continued)

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

RLF			
Interest	18,240	-	18,240
Other	238	-	238
	<u>18,478</u>	<u>-</u>	<u>18,478</u>
CSP			
Federal	3,363,021	5,589,231	(2,226,210)
State	347,002	-	347,002
	<u>3,710,023</u>	<u>5,589,231</u>	<u>(1,879,208)</u>
WIA			
	90,133		90,133
	<u>90,133</u>	<u>-</u>	<u>90,133</u>
TOTAL REVENUE			
	<u>5,838,237</u>	<u>7,582,402</u>	<u>(1,744,165)</u>
EXPENDITURES			
Commission	Actual	Budget	Variance Favorable (Unfavorable)
Salaries	851,208	863,973	12,765
Employee Benefits	113,687	123,548	9,861
Contracted Service	16,410	124,675	108,265
Unemployment Compensation	12,482	9,000	(3,482)
Travel	34,552	45,000	10,448
Car Replacement	6,264	10,955	4,691
Capital Improvement Reserve	-	6,000	6,000
Office	3,800	7,500	3,700
Equipment Purchase/Lease	25,396	20,500	(4,896)
Communications	888	2,000	1,112
Conferences/Training	2,200	1,500	(700)
Advertising	1,112	9,500	8,388
Marketing		1,000	1,000
Dues & Subscriptions	1,386	2,500	1,114
Professional Fees	66,323	95,000	28,677
Legal/Filing Fees	915	2,500	1,585
Printing and Reproduction	1,141	25,250	24,109
Repairs & Maintenance	1,136	2,500	1,364
Postage	1,166	750	(416)
Miscellaneous	2,095	500	(1,595)
Allocated Costs	186,783	198,000	11,217
In-Kind	64,272	-	(64,272)
Regional Marketing	-	-	-
Tenant Based Rental Assistance	60,614	90,000	29,386
Youth Offender/SUMMER ACTION	92,243	72,000	(20,243)
Jumpstart	321,010	212,500	(108,510)
NE Iowa Business Network	85,687	75,000	(10,687)
	<u>1,952,770</u>	<u>2,001,651</u>	<u>48,881</u>
CSP			
Program Expenses	1,160,718	3,360,046	2,199,328
Administration	10,555	10,555	-
	<u>1,171,273</u>	<u>3,370,601</u>	<u>2,199,328</u>
HAWC			
Program Expenses	615	-	(615)
IRP			
Program Expenses	52,649	-	(52,649)
RLF			
Program Expenses	13,984	-	(13,984)

SCHEDULE 1

(continued)

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS**
 FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

			Variance Favorable (Unfavorable)
WIA	Actual	Budget	
Salaries	554,922	603,200	48,278
Employee Benefits	237,671	240,500	2,829
Travel/Per Diem	25,850	30,000	4,150
Office Supplies-County Offices	3,105	1,500	(1,605)
Rent-County Offices	17,027	17,035	8
RSA Costs-County Offices	5,300	4,800	(500)
Telephone-County Offices	6,222	6,500	278
T-1 Computer Connection-Postville	4,626	4,625	(1)
Advertising	4,054	3,000	(1,054)
Audit Expense	3,500	3,550	50
Printing	6,511	10,000	3,489
Tuition Reimbursement	-	1,000	1,000
Equipment	6,115	2,000	(4,115)
Allocated Costs	133,182	149,289	16,107
Miscellaneous	11,498	7,000	(4,498)
Training Supplies	7,916	5,000	(2,916)
Workmans Comp	6,996	2,813	(4,183)
Unemployment Insurance	5,784	9,000	3,216
Other Support	-	-	-
Client Training	979,129	-	(979,129)
	<u>2,019,408</u>	<u>1,100,812</u>	<u>(918,596)</u>
TOTAL EXPENDITURES	<u>5,210,699</u>	<u>6,473,064</u>	<u>1,262,365</u>
Excess of Revenues over Expenditures	627,538	1,109,338	(481,800)
Fund Balance, Beginning of Year	2,045,725	2,045,725	-
Fixed Asset Absolscence/Adjustments	<u>(47,734)</u>	<u>-</u>	<u>(47,734)</u>
Fund Balance, End of Year	<u>\$ 2,625,529</u>	<u>3,155,063</u>	<u>(529,534)</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2010

REVENUES	Total		Iowa	EDA
	Nonmajor Gov Fds	HAWC	Business Network	Planning Grant
				11.302
Intergovernmental				
Federal	\$ 365,962	-	-	70,766
State	93,224	-	93,224	-
Local	85,705	-	-	66,574
Miscellaneous				
Interest	683	683	-	-
Other	9,300	81	-	-
Total revenues	554,874	764	93,224	137,340
EXPENDITURES				
Salaries	174,339	-	4,877	53,602
Employee benefits	65,447	-	1,566	16,778
Travel and per diem	7,221	-	-	3,271
Conferences and training	120	-	-	-
Other support	71,707	-	214	2,658
Equipment purchase/ lease	2,405	-	-	-
Office/Office Supplies	133	-	-	-
In Kind	45,840	-	-	45,840
Allocated costs	48,535	764	880	15,191
Long term debt principal	-	-	-	-
Interest	-	-	-	-
Grants/Programs	94,902	-	85,687	-
Total expenditures	510,649	764	93,224	137,340
NET REVENUES				
(EXPENDITURES)	-	-	-	-
TRANSFER TO WIA	-	-	-	-
FUND BALANCE, beginning	55,000	55,000	-	-
FUND BALANCE, ending	\$ 55,000	55,000	-	-

See accompanying independent auditor's report

SCHEDULE 2

Special Revenue				
EDA Comm. Econ. Recov. Coord.	Department of Trans- poration	Brownsfield Assessment & Cleanup	Youth Offender	Homeland Security
11.307	20.215	66.818	17.261	97.067
91,387	76,519	81,447	35,006	10,837
-	-	-	-	-
-	19,131	-	-	-
-	-	-	-	-
-	-	-	9,219	-
91,387	95,650	81,447	44,225	10,837
46,139	53,634	14,946	-	1,141
22,927	18,565	5,305	-	306
804	1,698	1,440	-	8
120	-	-	-	-
6,103	4,327	58,389	-	16
295	2,110	-	-	-
133	-	-	-	-
-	-	-	-	-
14,866	15,316	1,367	-	151
-	-	-	-	-
-	-	-	-	-
-	-	-	-	9,215
91,387	95,650	81,447	-	10,837
-	-	-	44,225	-
-	-	-	(44,225)	-
-	-	-	-	-
-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
and CHANGES IN FUND BALANCE
WORKFORCE INVESTMENT ACT
Year Ended June 30, 2010

	Total Contracts	Contract #7-W-01-FR-0	Northern Engraving #9-W-FR- 9F-1-02	Dura SEG #7-W-PF-RR 4-09	Featherlite Trailers/ NEG #10-W-FR- 9F-0-02
REVENUES					
Intergovernmental					
Federal	\$ -	-	-	-	-
State	-	-	-	-	-
Other	51,259	-	-	-	-
Total revenues	51,259	-	-	-	-
EXPENDITURES					
Programs-E.C.I.A.	-	-	-	-	-
Programs-I.W.D.	-	-	-	-	-
Programs-W.I.A.	2,019,408	1,166,201	169,996	30,580	205,286
Administration	-	-	-	-	-
Total expenditures	2,019,408	1,166,201	169,996	30,580	205,286
NET EXCESS REVENUES (EXPENDITURES)	(1,968,149)	(1,166,201)	(169,996)	(30,580)	(205,286)
TRANSFERS IN (OUT):					
Special Revenue:					
CSP	1,968,149	1,166,201	169,996	30,580	205,286
	1,968,149	1,166,201	169,996	30,580	205,286
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-

Rockwell Collins	Atwood Mobile NEG	Atwood E.I.	Bundled SEG	TANF Youth Income	NEICA Summer Youth	Youth Offender	Staff Hours Billed
#9-W-PF- RR-0-22	#10-W-FR- 9F-0-01	#9-W-PF- RR-0-34	#9-W-PF- RR-0-37	#10-W-01- TE-0		#17.261	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	49,191	-	2,068
-	-	-	-	-	49,191	-	2,068
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
33,023	173,199	12,500	132,093	1,046	49,191	44,225	2,068
-	-	-	-	-	-	-	-
33,023	173,199	12,500	132,093	1,046	49,191	44,225	2,068
(33,023)	(173,199)	(12,500)	(132,093)	(1,046)	-	(44,225)	-
33,023	173,199	12,500	132,093	1,046	-	44,225	-
33,023	173,199	12,500	132,093	1,046	-	44,225	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
WORKFORCE INVESTMENT ACT CONTRACT # 7-W-01-FR-0
Year Ended June 30, 2010

	Total W.I.A. #7-W-01 FR-0	Admin- istrative	Admin Stimulus	Adult	Adult Stimulus
REVENUES:					
Intergovernmental					
Federal	\$ -	-	-	-	-
State	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES:					
Programs-W.I.A.	1,166,201	48,482	31,202	105,495	52,901
Total expenditures	1,166,201	48,482	31,202	105,495	52,901
TRANSFERS IN (OUT):					
Special Revenue:					
CSP	1,166,201	48,482	31,202	105,495	52,901
NET	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-

SCHEDULE 4

Youth	Youth Stimulus	Dislocated Worker	Dislocated Worker Stimulus	SWA	SWA Stimulus	Promise Jobs	Emergency Promise Jobs
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
127,401	113,597	143,218	135,378	51,623	16,865	206,679	133,360
127,401	113,597	143,218	135,378	51,623	16,865	206,679	133,360
127,401	113,597	143,218	135,378	51,623	16,865	206,679	133,360
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL AGENT for COORDINATING SERVICE PROVIDER
Year Ended June 30, 2010

Total Coordinating Service Provider	Contract #7-W-01-FR-0	Navigator #9-W-FN- DN-0-01	Atwood/Dura NEG #10-W-FR- 9F-0-01	Northern Engraving #9-W-FR- 9F-0-02 #A-40
		17.266	17.260	17.260

REVENUES:

Intergovernmental					
Federal	\$ 3,598,141	2,481,883	355,236	42,199	169,996
State	111,882	111,882	-	-	-
Total revenues	3,710,023	2,593,765	355,236	42,199	169,996

EXPENDITURES:

Programs-E.C.I.A.	1,214,598	1,211,299	-	-	-
Programs-I.W.D.	172,129	172,129	-	-	-
Administration	13,888	13,888	-	-	-
Total expenditures	1,400,615	1,397,316	-	-	-

NET EXCESS REVENUES
(EXPENDITURES)

2,309,408	1,196,449	355,236	42,199	169,996
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TRANSFERS IN (OUT):

Special Revenue:					
Planning Commissi	(385,484)	(30,248)	(355,236)	-	-
WIA	(1,923,924)	(1,166,201)	-	(42,199)	(169,996)
	(2,309,408)	(1,196,449)	(355,236)	(42,199)	(169,996)

NET

-	-	-	-	-
---	---	---	---	---

FUND BALANCE,
beginning

-	-	-	-	-
---	---	---	---	---

FUND BALANCE,
ending

\$ -	-	-	-	-
------	---	---	---	---

SCHEDULE 5

Dura #7-W-PF- RR	Featherlite Trailers #10-W-FR- 9F-0-02 #A-44	Atwood E.I. #9-W-PF- RR-O-34 #A-43	Bundled SEG #9-W-PF RR-0-37	Rockwell Collins #9-PF-RR- 0-22	TANF #10-W-01- TE-0
17.260	17.260	17.260	17.260	17.260	93.714
30,580	205,286	143,500	132,093	33,023	4,345
-	-	-	-	-	-
30,580	205,286	143,500	132,093	33,023	4,345
-	-	-	-	-	3,299
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,299
30,580	205,286	143,500	132,093	33,023	1,046
-	-	-	-	-	-
(30,580)	(205,286)	(143,500)	(132,093)	(33,023)	(1,046)
(30,580)	(205,286)	(143,500)	(132,093)	(33,023)	(1,046)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL AGENT for COORDINATING SERVICE PROVIDER
Contract # 7-W-01-FR-0
Year Ended June 30, 2010

	Total Contract 7-W-01- FR-0	Workforce Investment Act	Adminis- tration	IWD Promise Jobs	General Fund- SurTax
				93.558	
REVENUES					
Intergovernmental					
Federal	\$ 2,481,883	2,274,388	-	25,814	-
State	111,882	-	10,555	-	59,389
Total revenues	2,593,765	2,274,388	10,555	25,814	59,389
EXPENDITURES					
Programs-E.C.I.A.	1,211,299	1,211,299	-	-	-
Programs-IWD	172,129	-	-	25,814	59,389
Administration	13,888	-	10,555	-	-
Total expenditures	1,397,316	1,211,299	10,555	25,814	59,389
NET EXCESS REVENUES (EXPENDITURES)	1,196,449	1,063,089	-	-	-
TRANSFERS IN (OUT):					
Special Revenue:					
Planning Commission	(30,248)	(30,248)	-	-	-
WIA	(1,166,201)	(1,032,841)	-	-	-
	(1,166,201)	(1,063,089)	-	-	-
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-

See accompanying independent auditor's report

SCHEDULE 6

Wagner Peyser	Unemployment Insurance	Disabled Veteran's Outreach	TAA	CRC Career Readiness Certification	EPJ Tornado/ Flood	RES- Re- employment Services	Navigator Fiscal Agent
17.207	17.225	17.801	17.245		93.558		17.266
12,775	20,978	4,350	1,861	-	133,360	5,024	3,333
-	-	-	-	41,938	-	-	-
12,775	20,978	4,350	1,861	41,938	133,360	5,024	3,333
-	-	-	-	-	-	-	-
12,775	20,978	4,350	1,861	41,938	-	5,024	-
-	-	-	-	-	-	-	3,333
12,775	20,978	4,350	1,861	41,938	-	5,024	3,333
-	-	-	-	-	133,360	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(133,360)	-	-
-	-	-	-	-	(133,360)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL AGENT for COORDINATING SERVICE PROVIDER
WORKFORCE INVESTMENT ACT
Year Ended June 30, 2010

	Total Workforce Investment Act	Admin- istrative	Admin Stimulus	Adult	Adult Stimulus
		17.258	17.258	17.258	17.258
REVENUES:					
Intergovernmental					
Federal	\$ 2,274,388	96,864	64,208	213,486	94,643
State	-	-	-	-	-
Total revenues	2,274,388	96,864	64,208	213,486	94,643
EXPENDITURES:					
Programs-E.C.I.A.	1,211,299	48,382	33,006	107,991	41,742
Total expenditures	1,211,299	48,382	33,006	107,991	41,742
TRANSFERS IN (OUT):					
Special Revenue:					
Planning Commission	(30,248)	-	-	-	-
WIA	(1,032,841)	(48,482)	(31,202)	(105,495)	(52,901)
	(1,063,089)	(48,482)	(31,202)	(105,495)	(52,901)
NET	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-

Youth	Youth Stimulus	Dislocated Worker	Dislocated Worker Stimulus	SWA	SWA Stimulus ARRA	Promise Jobs
17.259	17.259	17.260	17.260	17.260	17.260	93.558
284,705	220,555	332,764	222,072	103,065	173,993	468,033
-	-	-	-	-	-	-
284,705	220,555	332,764	222,072	103,065	173,993	468,033
157,304	106,958	189,546	86,694	51,442	126,880	261,354
157,304	106,958	189,546	86,694	51,442	126,880	261,354
-	-	-	-	-	(30,248)	-
(127,401)	(113,597)	(143,218)	(135,378)	(51,623)	(16,865)	(206,679)
(127,401)	(113,597)	(143,218)	(135,378)	(51,623)	(47,113)	(206,679)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

SCHEDULE 8

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**SCHEDULE OF CUMULATIVE REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE ON COMPLETED CONTRACTS**

DEPARTMENT OF TRANSPORTATION

Agreement Number 10RPA-01

Accounting Contract Number: 11257

CFDA#20.215

Grant Period July 1, 2009 to June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Federal-80%	\$ 87,080	76,520	(10,560)
Match-20%	21,770	19,130	(2,640)
	<u>108,850</u>	<u>95,650</u>	<u>(13,200)</u>
EXPENDITURES			
Program	<u>\$ 108,850</u>	<u>95,650</u>	<u>(13,200)</u>

SCHEDULE 9

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2010

<u>Federal Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program Expenditures July 1,2009 to June 30,2010</u>
<u>DIRECT:</u>			
<u>U.S. Department of Commerce:</u>			
Economic Development Planning Grant	11.302	05-83-04434	\$ 70,766
Economic Development Community Economic Recovery Coordinator	11.307	05-69-04768	91,387
Title IX Economic Adjustment Program- Revolving Loan Fund	11.307	Perpetual	-
TOTAL DEPARTMENT OF COMMERCE			<u>162,153</u>
<u>U.S. Department of Agriculture:</u>			
Rural Business Opportunity Grant	10.773		-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>-</u>
<u>U.S. Environmental Protection Agency:</u>			
Brownsfields Assessment and Cleanup Agreements	66.818	BF-98796001-1	81,447
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>81,447</u>
<u>INDIRECT:</u>			
<u>U.S. Department of Transportation</u>			
Indirect passthrough Iowa Department of Transportation Federal Transit Administration-Transportation P	20.215	11257	76,519
TOTAL DEPARTMENT OF TRANSPORTATION			<u>76,519</u>
<u>U.S. Department of Labor</u>			
Indirect passthrough Workforce Connections, Inc of LaCrosse Wisconsin Youth Offender	17.261		35,006
			<u>35,006</u>
Indirect passthrough Iowa Workforce Development Department			
Wagner Peyser Employment Services	17.207	7-W-01-FR-0	12,775
Disabled Veterans Outreach Program	17.801	7-W-01-FR-0	4,350
Unemployment Insurance	17.225	7-W-01-FR-0	20,978
TAA-Trade Adjustment Assistance Workers	17.245	7-W-01-FR-0	1,861
Title I - Administration	17.258	7-W-01-FR-0	96,864
Title I - Administration Stimulus	17.258	7-W-01-FR-0	64,208
Title I - Adult	17.258	7-W-01-FR-0	213,486
Title I - Adult Stimulus	17.258	7-W-01-FR-0	94,643
Subtotal - WIA Adult CFDA # 17.258			<u>469,201</u>
WIA Youth in School Formula	17.259	7-W-01-FR-0	284,705
WIA Youth Stimulus	17.259		220,555
Subtotal-WIA Youth Cluster CFDA #17.259			<u>505,260</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2010

SCHEDULE 9
Continued

	Federal CFDA Number	Grant Number	Program Expenditures July 1, 2009 to June 30, 2010
WIA Dislocated Worker	17.260	7-W-01-FR-0	332,764
WIA Dislocated Worker - Stimulus	17.260	7-W-01-FR-0	222,072
SWA	17.260	7-W-01-FR-0	103,065
SWA Stimulus	17.260	7-W-01-FR-0	173,993
Dura SEG	17.260	7-W-PF-RR	30,580
Northern Engraving	17.260	9-W-FR-9F	169,996
Featherlite Trailers NEG	17.260	10-W-FR-9F-O-02	205,286
Atwood Early Intervention	17.260	9-W-PF-RR-O-34	143,500
Atwood NEG	17.260	10-W-FR-9F-O-01	42,199
Bundled SEG	17.260	9-W-PF-RR-O-37	132,093
Rockwell Collins SEG	17.260	9-W-PF-RR-O-22	33,023
Subtotal - WIA Dislocated Worker CFDA # 17.260			<u>1,588,571</u>
Navigator	17.266	9-W-FN-DN-0-03	355,236
Navigator Fiscal Agent	17.266	7-W-01-FR-0	3,333
			<u>358,569</u>
Subtotal - WIA Cluster CFDA # 17.258, 17.259, 17.260 & 17.266			<u>2,921,601</u>
RES-Reemployment Services	34.002	7-W-01-FR-0	5,024
TOTAL DEPARTMENT OF LABOR			<u>3,001,595</u>
 <u>U.S. Department of Health and Human Services</u>			
Indirect passthrough Iowa Workforce Development Department			
Promise Jobs	93.558	7-W-01-FR-0	468,033
Emergency Promise Jobs	93.558	7-W-01-FR-0	133,360
IWD Promise Jobs	93.558	9-W-01-FN-O	25,814
TANF-Temporary Assistance for Needy Families	93.714	10-W-01-TE-O	4,345
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>631,552</u>
 <u>U.S. Department of Agriculture</u>			
Business and Industrial Loans-Intermediary	10.767	Perpetual	-
Relending Program			-
TOTAL DEPARTMENT OF AGRICULTURE			<u>-</u>
 <u>Federal Emergency Management Agency:</u>			
Indirect pass thru Iowa Department of Economic Development:			
Jumpstart			265,213
			<u>265,213</u>
 <u>U.S. Department of Homeland Security</u>			
Indirect pass thru Iowa Homeland Security and			
Emergency Management Division			
Iowa Homeland Security	97.067	2008-GE-T8-2008-006	10,837
TOTAL ALL FEDERAL PROGRAMS			<u>4,229,316</u>

SCHEDULE 9
Continued

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Upper Explorerland Regional Planning Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of **OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations**. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic statements.

NOTE 2-SUBRECIPIENTS

Upper Explorerland Regional Planning Commission provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Title I-Administration/Stimulus	17.258,17.259,17.260	\$ 43,461
Title I-Adult/Stimulus	17.258	93,760
WIA Youth/Stimulus	17.259	181,262
WIA Dislocated Worker	17.260	249,859
Set Aside, Incentive Awards	17.260	40,015
Promise Jobs	93.558	245,386
		<hr/> \$ 853,743 <hr/>

Reconciliation of Special Revenue Fund and Federal Expenditures

Total Expenditures - Special Revenue Fund	\$ 4,812,472
Less:	
Intermediary Relending	(97,115)
Revolving Loan Fund	(13,855)
HAWC	(764)
Iowa Business Network	(93,224)
Regional Transit Development-Local	(19,131)
Economic Development-Local	(66,574)
CSP-State	(111,882)
Jumpstart-Other	(120,133)
Youth Offender-Other	(9,219)
NEICA-Other	(49,191)
Staff Hours-Other	(2,068)
	<hr/>
Total Federal Expenditures	<u>4,229,316</u>

RFSW Ridihalgh Fuelling Snitker Weber & Co.

C E R T I F I E D P U B L I C A C C O U N T A N T S

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Commission's as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated February 14, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standard applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's

internal control. We consider the deficiency in internal control described in Part II of the Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial statements.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Commission and other parties to whom the Commission may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2011

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND TO INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

Compliance

We have audited the compliance of Upper Explorerland Regional Planning Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Upper Explorerland Regional Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Upper Explorerland Regional Planning Commission's management. Our responsibility is to express an opinion on Upper Explorerland Regional Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Upper Explorerland Regional Planning Commission's compliance with those requirements.

In our opinion, Upper Explorerland Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Upper Explorerland Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland Regional Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Commission's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in the Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Commission's internal control. We noted no matters involving the internal control over compliance that we consider to be a material weakness.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2011

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

Part I-Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) Our audit procedures disclosed no reportable conditions in the major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Workforce Investment Act Grants with the CFDA Numbers 17.207,17.225,17.258,17.259,17.260, 17.801,17.245,17.266 and 93.558 were audited as major programs.
- (h) The dollar threshold used to distinguish between Type A and Type B programs were \$300,000.
- (i) Upper Explorerland Regional Planning Commission qualified as a low-risk auditee.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

Part II-Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCY:

Preparation of Financial Statements - Upper Explorerland Regional Planning Commission does not employ an accounting staff with the technical expertise to prepare its financial statements (including footnote disclosures) in conformity with accounting principles generally accepted in the United States of America; therefore, it relies on its auditors to prepare such statements.

Response - UERPC feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements.

Conclusion - Response accepted.

Findings and Questioned Costs: Major Federal Award Programs Audit

No matters were noted.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

This audit was performed by:

Don Snitker, CPA, Manager
Jeremy Lockard, Staff